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TO: Commissioner for Patents
    Attn: Examiner Andrew J. Rudy
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    Alexandria, VA 22313-1450

FROM: George H. Gates
OUR REF.:   9011
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Title of Document Transmitted:	TRANSMITTALS AND BRIEF OF APPELLANT
Applicant:	George Robert Hood
Serial No.:	09/608,682
Filed:	June 29, 2000
Group Art Unit:	3627
Title:	RISK PROVISION IMPLEMENTATION FOR FINANCIAL PROCESSING IN A RELATIONAL DATABASE MANAGEMENT SYSTEM
Our Ref. No.:	9011

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Due Date: November 13, 2007

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Applicant:	George Robert Hood	Examiner:	Andrew J. Rudy
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CERTIFICATE OF MAILING OR TRANSMISSION UNDER 37 CFR 1.8

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By:_____
Name: Christine Flores

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

We are transmitting herewith the attached:

☒ Transmittal sheet, in duplicate, containing a Certificate of Mailing or Transmission under 37 CFR 1.8.
☒ Brief of Appellant.

Please consider this a **PETITION FOR EXTENSION OF TIME** for a sufficient number of months to enter these papers, if appropriate.

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<u>Customer Number 26890</u>

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6701 Center Drive West, Suite 1050
Los Angeles, CA 90045
(310) 641-8797

By:_____
Name: George H. Gates
Reg. No.: 33,500
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By: _C. Flores_

Name: Christine Flores

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Due Date: November 13, 2007

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re Application of:	)	
	)	
Inventor: George Robert Hood	)	Examiner: Andrew J. Rudy
	)	
Serial #: 09/608,682	)	Group Art Unit: 3627
	)	
Filed: June 29, 2000	)	Appeal No.: _____
	)	
Title: RISK PROVISION IMPLEMENTATION	)	
FOR FINANCIAL PROCESSING IN A	)	
RELATIONAL DATABASE	)	
MANAGEMENT SYSTEM	)	

BRIEF OF APPELLANT

MAIL STOP APPEAL BRIEF - PATENTS
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

In accordance with 37 CFR §41.37, Appellant's attorney hereby submits the Brief of Appellant on appeal from the final rejection in the above-identified application as set forth in the Office Action dated June 19, 2007.

No fee is required for filing this Brief of Appellant, since this is a request for reinstatement of the previous appeal. However, the Office is authorized to charge any necessary fees or credit any overpayments to Deposit Account No. 14-0225 of NCR Corporation, the assignee of the present invention.

I. REAL PARTY IN INTEREST

The real party in interest is NCR Corporation, the assignee of the present application.

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II.   RELATED APPEALS AND INTERFERENCES

There are related appeals in the following co-pending and commonly-assigned patent applications:

Application Serial No. 09/608,681, filed on June 29, 2000, by George R. Hood, entitled OTHER REVENUE IMPLEMENTATION FOR FINANCIAL PROCESSING IN A RELATIONAL DATABASE MANAGEMENT SYSTEM, attorney's docket number 9015 (30145.391US01);

Application Serial No. 09/610,646, filed on June 29, 2000, by George R. Hood et al., entitled BASIC AND INTERMEDIATE NET INTEREST REVENUE IMPLEMENTATIONS FOR FINANCIAL PROCESSING IN A RELATIONAL DATABASE MANAGEMENT SYSTEM, attorney's docket number 8980 (30145.397US01);

Application Serial No. 09/608,355, filed on June 29, 2000, by George R. Hood et al., entitled ADVANCED AND BREAKTHROUGH NET INTEREST REVENUE IMPLEMENTATION FOR FINANCIAL PROCESSING IN A RELATIONAL DATABASE MANAGEMENT SYSTEM, attorney's docket number 9006 (30145.401US01);

Application Serial No. 09/943,060, filed on August 30, 2001, by Paul H. Phibbs, Jr., entitled CAPTIAL ALLOCATION IN A NET INTEREST REVENUE IMPLEMENTATION FOR FINANCIAL PROCESSING IN A RELATIONAL DATABASE MANAGEMENT SYSTEM, attorney's docket number 9391 (30145.404USU1);

Application Serial No. 09/943,059, filed on August 30, 2001, by Paul H. Phibbs, Jr., entitled ALLOCATED BALANCES IN A NET INTEREST REVENUE IMPLEMENTATION FOR FINANCIAL PROCESSING IN A RELATIONAL DATABASE MANAGEMENT SYSTEM, attorney's docket number 9512 (30145.405USU1);

Application Serial No. 10/016,779, filed on December 10, 2001, by Brian J. Wasserman, entitled PARALLEL SELECTION PROCESSING FOR FINANCIAL PROCESSING IN A RELATIONAL DATABASE MANAGEMENT SYSTEM, attorney's docket number 9620 (30145.416USU1); and

Application Serial No. 10/016,452, filed on December 10, 2001, by Brian J. Wasserman et al., entitled DYNAMIC EVENT SELECTION FOR FINANCIAL PROCESSING IN A

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RELATIONAL DATABASE MANAGEMENT SYSTEM, attorney's docket number 9618 (30145.419USU1).

III.   STATUS OF CLAIMS

Claims 1-81 are pending in the application.

Claims 1-81 were rejected under 35 U.S.C. §103(a) as being unpatentable over John R. Johnson, "Raising Relationships II" (Johnson), June 1999.

Claims 1-81 are being appealed.

IV.   STATUS OF AMENDMENTS

No amendments have been made subsequent to the final Office Action.

V.   SUMMARY OF THE INVENTION

Appellant's independent claims 1, 28 and 55 are generally directed to an invention that performs financial processing in a computer.

Independent claim 1 recites a method of performing financial processing in a computer (100). (See, page 3, lines 1-16; page 7, lines 5-15 referring to 102, 104 and 106 in FIG. 1; and page 23, lines 4-19 referring to 314 in FIG. 3.) The method includes accessing account, event and organization attributes (202, 204, 206) from a database (106) accessible by the computer (100), wherein: (1) the account attributes (202) comprise data about accounts being measured, (2) the event attributes (204) comprise data about account-related transactions, and (3) the organization attributes (206) comprise data about the organization's financial status. (See, page 3, lines 1-16; page 4, lines 11-24; page 8, line 16 through page 10, line 19 referring to 202, 204 and 206 in FIG. 2; and page 23, lines 4-19 referring to 314 in FIG. 3.) The method also includes performing one or more profitability calculations (200) in the computer (100) using the account, event and organization attributes (202, 204, 206) accessed from the database (106), as well as one or more profit factors (208) and one or more rules (210), wherein the profitability calculations (200) include:

$$\text{Profit} = \text{Net Interest Revenue (NIR)}$$

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+   Other Revenue (OR)

-     Direct Expense (DE)

-     Indirect Expense (IE)

-     Risk Provision (RP).

(See, page 3, lines 1-16; page 4, lines 11-24; page 8, line 16 through page 13, line 8 referring to 200, 202, 204, 206, 208 and 210 in FIG. 2; page 13, line 10 through page 14, line 2 referring to 200 in FIG. 2; and page 23, lines 4-19 referring to 314 in FIG. 3.) The Risk Provision comprises an expected future loss that arises from one or more risk factors. (See, page 3, lines 1-16; and page 23, lines 4-19 referring to 314 in FIG. 3.)

Independent claim 28 recites a system for financial processing. The system includes a computer (100) and logic, performed by the computer. (See, page 3, lines 1-16; page 7, lines 5-15 referring to 102, 104 and 106 in FIG. 1; and page 23, lines 4-19 referring to 314 in FIG. 3.) The logic includes accessing account, event and organization attributes (202, 204, 206) from a database (106) accessible by the computer (100), wherein: (1) the account attributes (202) comprise data about accounts being measured, (2) the event attributes (204) comprise data about account-related transactions, and (3) the organization attributes (206) comprise data about the organization's financial status. (See, page 3, lines 1-16; page 4, lines 11-24; page 8, line 16 through page 10, line 19 referring to 202, 204 and 206 in FIG. 2; and page 23, lines 4-19 referring to 314 in FIG. 3.) The logic also includes performing one or more profitability calculations (200) in the computer (100) using the account, event and organization attributes (202, 204, 206) accessed from the database (106), as well as one or more profit factors (208) and one or more rules (210), wherein the profitability calculations (200) include:

Profit =   Net Interest Revenue (NIR)

+   Other Revenue (OR)

-     Direct Expense (DE)

-     Indirect Expense (IE)

-     Risk Provision (RP).

(See, page 3, lines 1-16; page 4, lines 11-24; page 8, line 16 through page 13, line 8 referring to 200, 202, 204, 206, 208 and 210 in FIG. 2; page 13, line 10 through page 14, line 2 referring to

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200 in FIG. 2; and page 23, lines 4-19 referring to 314 in FIG. 3.) The Risk Provision comprises an expected future loss that arises from one or more risk factors. (See, page 3, lines 1-16; and page 23, lines 4-19 referring to 314 in FIG. 3.)

Independent claim 55 recites an article of manufacture embodying logic for performing financial processing in a computer (100). (See, page 3, lines 1-16; page 7, lines 5-15 referring to 102, 104 and 106 in FIG. 1; and page 23, lines 4-19 referring to 314 in FIG. 3.) The logic includes accessing account, event and organization attributes (202, 204, 206) from a database (106) accessible by the computer (100), wherein: (1) the account attributes (202) comprise data about accounts being measured, (2) the event attributes (204) comprise data about account-related transactions, and (3) the organization attributes (206) comprise data about the organization's financial status. (See, page 3, lines 1-16; page 4, lines 11-24; page 8, line 16 through page 10, line 19 referring to 202, 204 and 206 in FIG. 2; and page 23, lines 4-19 referring to 314 in FIG. 3.) The logic also includes performing one or more profitability calculations (200) in the computer (100) using the account, event and organization attributes (202, 204, 206) accessed from the database (106), as well as one or more profit factors (208) and one or more rules (210), wherein the profitability calculations (200) include:

Profit	=	Net Interest Revenue (NIR)
	+	Other Revenue (OR)
	-	Direct Expense (DE)
	-	Indirect Expense (IE)
	-	Risk Provision (RP).

(See, page 3, lines 1-16; page 4, lines 11-24; page 8, line 16 through page 13, line 8 referring to 200, 202, 204, 206, 208 and 210 in FIG. 2; page 13, line 10 through page 14, line 2 referring to 200 in FIG. 2; and page 23, lines 4-19 referring to 314 in FIG. 3.) The Risk Provision comprises an expected future loss that arises from one or more risk factors. (See, page 3, lines 1-16; and page 23, lines 4-19 referring to 314 in FIG. 3.)

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VI.   GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

1.   Whether claims 1-81 are obvious under 35 U.S.C. §103(a) in view of John R. Johnson, "Raising Relationships II," June 1999 (Johnson).

VII. ARGUMENTS

A.   The Office Action Rejections

In sections (2)-(3) of the Office Action, claims 1-81 were rejected under 35 U.S.C. §103(a) as being unpatentable over John R. Johnson, "Raising Relationships II," June 1999 (Johnson).

Appellant's attorney respectfully traverses these rejections.

B.   Appellant's Independent Claims

As noted above, Appellant's independent claims 1, 28 and 55 are generally directed to an invention that performs financial processing in a computer. Claim 1 is representative and comprises the steps of:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

Profit	=	Net Interest Revenue (NIR)
	+	Other Revenue (OR)
	-	Direct Expense (DE)
	-	Indirect Expense (IE)
	-	Risk Provision (RP)

(c) wherein the Risk Provision comprises an expected future loss that arises from one or more risk factors.

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C.   The Johnson Reference

The Johnson reference is an article entitled "Raising Relationships II," by John R. Johnson, June 1999. The Johnson reference describes predictive modeling, which is an approach to building relationships with customers of banks.

D.   Arguments Directed To The First Grounds for Rejection: Whether Claims 1-81 Are Obvious Under 35 U.S.C. §103(a) In View of Johnson.

1.   Claims 1, 28 and 55

Appellant's attorney respectfully submits that Appellant's claimed invention is patentable over the Johnson. Specifically, Appellant's attorney asserts that the reference does not teach or suggest the specific combination of elements recited in Appellant's claims.

Nonetheless, the Office Action cites to the following locations in Johnson:

> Five-part profitability
> Profitability in banks is comprised of many parts. In general, the five essential ones are: net interest revenue, other revenue, direct expenses, indirect expenses and risk provision.
> Many of the components, such as balance, fees, service charges, transactions and account life-span can be estimated. The results of profitability modeling are not binary, as with the response or ownership areas discussed earlier. Instead, it yields a set of values that can be used in profitability calculations.
> Other revenue and expense components, such as expense allocations and risk, can be estimated through business modeling. The product of both kinds of modeling is estimated profit for each account (interest checking, non-interest checking, savings, etc.)
> Once the probability-of-response and estimated profitability are available, they can be combined to form additional marketing intelligence. The product of the magnitude of gain or loss by the probability of that gain or loss actually occurring is the potential profit. This potential-profit figure incorporates profitability and response and increases the efficiency of targeting.
> Because estimated profitability is available for each product a customer may purchase, it helps determine how many marketing dollars can be reasonably allocated to selling a specific product or service to a specific household. Combining probability-of-response and profitability helps eliminate the sale of

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unprofitable accounts. On the other hand, it helps eliminate the tendency to market those products that are profitable, but generally not needed.

Once the bank has a system for selecting the product that the customer is most likely to purchase at the highest profit level possible, the institution must get the specific products and incentives to the various touch-points.

Assuming the bank has done an effective job of positioning itself in the marketplace and with its customers, has established a way to identify a time when customers should be contacted and has established a methodology to predict customer needs - what's next?

Appellant's attorney respectfully submits that the above portions of Johnson do not teach or suggest all of the elements of Appellant's independent claims 1, 28 and 55.

For example, the above portions of Johnson do not teach or suggest the claimed elements of accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status, and performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

Profit	=	Net Interest Revenue (NIR)
	+	Other Revenue (OR)
	-	Direct Expense (DE)
	-	Indirect Expense (IE)
	-	Risk Provision (RP).

In another example, the above portions of Johnson do not teach or suggest profitability calculations wherein the Risk Provision comprises an expected future loss that arises from one or more risk factors.

Instead, the "risk provision" referred to in Johnson merely comprises a general recitation of the phrase in the context of five-part profitability. However, the risk provision of Johnson does not include all of Appellant's recited limitations of the Risk Provision element.

Indeed, Johnson is merely a description of the general accounting concepts and principles of the five-part profitability, but does not describe Appellant's specific account, event and

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organization attributes, Appellant's profit factors and rules, or the specific risk provision limitations used in Appellant's profitability calculations.

With regard to the Official Notice, the Office Action errs when it asserts that the Risk Provision must be considered common knowledge in the financial processing art and that the dependent claim limitations are deemed to have been common knowledge in the art at least one year prior to Appellant's filing date. As noted at M.P.E.P. §2144.03, there must be some form of evidence in the record to support an assertion of common knowledge, but no such evidence exists in this instance. It appears that the Office Action relies upon Johnson as this evidence, when it asserts that to have provided such elements for Johnson would have been obvious to one of skill in the art. However, this assertion is erroneous. As noted above, Johnson does not teach or suggest all the elements recited in Applicant's claims. Consequently, the Official Notice comprises mere conclusions by the Office Action and cannot be supported by actual evidence. Therefore, Appellant's attorney submits that the Office must provide documentary evidence to support this assertion if the rejection is to be maintained.

As a result, the combination of Johnson and Official Notice does not teach or suggest the specific combination of elements recited in Appellant's claims. Moreover, the Examiner's assertions that the elements of Appellant's invention would have been obvious to one of ordinary skill in the art is unsupported by the evidence. Instead, this assertion merely reflects the improper application of hindsight by the Examiner.

Appellant's claimed invention provides operational advantages over the prior art. Appellant's invention describes a more sophisticated model for implementing profitability calculations in a computer system, as well as a different, more sophisticated set of relationships between the elements of the model. Johnson fails to teach or suggest the specific model, all of the elements of the model, or the relationships between the various elements.

Thus, Appellant's attorney submits that independent claims 1, 28 and 55 are allowable over Johnson in combination with Official Notice. Further, dependent claims 2-27, 29-54 and 55-81 are submitted to be allowable over Johnson in combination with Official Notice in the same manner, because they are dependent on independent claims 1, 28 and 55, respectively, and because they contain all the limitations of the independent claims. In addition, dependent claims

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2-27, 29-54 and 55-81 recite additional novel elements not shown by Johnson in combination with Official Notice.

2.   Claims 2, 29 and 56

Claims 2, 29 and 56 recite that the risk factors are selected from a group comprising loss rates, reserve percentages, exposure factors, recovery rates, default probabilities, and collection costs. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

3.   Claims 3, 30 and 57

Claims 3, 30 and 57 recite that the rules include apportionment of the Risk Provision among the accounts. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

4.   Claims 4, 31 and 58

Claims 4, 31 and 58 recite that the Risk Provision predicts the expected future losses at the account level. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

5.   Claims 5, 32 and 59

Claims 5, 32 and 59 recite that the Risk Provision apportions the expected future loss among the accounts. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as

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teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

6. Claims 6, 33 and 60

Claims 6, 33 and 60 recite that the Risk Provision adjusts the Profit for the expected future losses. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

7. Claims 7, 34 and 61

Claims 7, 34 and 61 recite that an actuarial reserve represents the expected future losses. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

8. Claims 8, 35 and 62

Claims 8, 35 and 62 recite that the organization commits reserves to cover the expected future loss. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

9. Claims 9, 36 and 63

Claims 9, 36 and 63 recite provisioning the reserves as transactions occur. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations.

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Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

10. Claims 10, 37 and 64

Claims 10, 37 and 64 recite withdrawing from the reserves as defaults occur. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

11. Claims 11, 38 and 65

Claims 11, 38 and 65 recite that the reserves include Ending Loss Reserves and Beginning Loss Reserves, and the Ending Loss Reserves comprises:

Ending Loss Reserves = Beginning Loss Reserves
$$- \text{Losses}$$
$$+ \text{Recoveries}$$
$$+ \text{Risk Provisions}$$

The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

12. Claims 12, 39 and 66

Claims 12, 39 and 66 recite grouping the accounts into risk provision groups (RPG), wherein each of the accounts is assigned to only one RPG. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

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13.   Claims 13, 40 and 67

Claims 13, 40 and 67 recite that each of the RPGs has a Risk Provision amount associated therewith. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

14.   Claims 14, 41 and 68

Claims 14, 41 and 68 recite that the Risk Provision amount associated with each of the RPGs is assigned by the organization. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

15.   Claims 15, 42 and 69

Claims 15, 42 and 69 recite that the Risk Provision amount associated with each of the RPGs is calculated. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

16.   Claims 16, 43 and 70

Claims 16, 43 and 70 recite that the Risk Provision amount associated with each of the RPGs comprises:

Risk Provision = Reserve amount for RPG_i at end of a current period

- Reserve amount for RPG_i at end of a previous period

+ Losses during the current period

- Recoveries during the current period

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The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

17.   Claims 17, 44 and 71

Claims 17, 44 and 71 recite that the apportionment of the Risk Provision amounts to each account in one of the RPGs is based on a balance for the account. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

18.   Claims 18, 45 and 72

Claims 18, 45 and 72 recite calculating the Risk Provision of an account according to:

$$RP(a_i) + RP \ amount \ for \ RPG(a_i) * \frac{Balance \ of \ a_i}{\sum\limits_{k}^{a_k \in RPG(a_i)} Balance \ a_k}$$

wherein a_i comprises an account, $RP(a_i)$ comprises the Risk Provision for the account a_i, and $RPG(a_i)$ denotes to which RPG the account a_i is assigned. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

19.   Claims 19, 46 and 73

Claims 19, 46 and 73 recite that a sum of $RP(a_i)$ for all accounts a_i in one of the RPGs is equal to the RP for the RPG. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as

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teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

20. Claims 20, 47 and 74

Claims 20, 47 and 74 recite that the Risk Provision comprises an account-level risk factor that is used to weight the accounts' balances. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

21. Claims 21, 48 and 75

Claims 21, 48 and 75 recite that the Risk Provision amount is allocated to each RPG and multiplied by a Credit Risk Factor (CRF). The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

22. Claims 22, 49 and 76

Claims 22, 49 and 76 recite that the Credit Risk Factor (CRF) identifies costs associated with expected future losses that arise in lending activities. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

23. Claims 23, 50 and 77

Claims 23, 50 and 77 recite calculating RP(a_j) according to:

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$$RP \ for \ a_i = RP \ amount \ for \ RPG(a_i) * \frac{Balance(a_i) * CRF(a_i)}{\sum_k^{a_k \ e \ RPG(a_i)} [Balance(a_k) * CRF(a_k)]}$$

The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

24. Claims 24, 51 and 78

Claims 24, 51 and 78 recite that the CRF adjusts the Risk Provision for risk factors that are subordinate to the RPGs. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

25. Claims 25, 52 and 79

Claims 25, 52 and 79 recite that the Risk Provision comprises an expected future loss calculated for each account using account, product, and customer characteristics. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

26. Claims 26, 53 and 80

Claims 26, 53 and 80 recite that an exposure amount allows the direct calculation of the Risk Provision. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

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27.   Claims 27, 54 and 81

Claims 27, 54 and 81 recite calculating RP(a) according to:

$$RP(a_i) = Exposure(a_i) * CDP(a_i) * \left(1 - \min\left(1, \frac{RCV(a_i)}{Balance(a_i) + Collection\ Cost(a_i)}\right)\right)$$

wherein Exposure(a_i) is the exposure amount for account a_i and the Customer Default Probability CDP(a_i) is a probability function of credit risk default frequency for the account a_i. The Office Action rejects these claims only generally, i.e., on the same basis as the independent claims, without citing any specific location within the reference as teaching these limitations. Appellant's attorney disagrees with this analysis, and submits that nowhere does the reference teach or suggest the limitations of these claims.

VIII.   CONCLUSION

In light of the above arguments, Appellant's attorney respectfully submits that the cited reference does not anticipate nor render obvious the claimed invention. More specifically, Appellant's claims recite novel physical features which patentably distinguish over any and all references under 35 U.S.C. §§ 102 and 103.

As a result, a decision by the Board of Patent Appeals and Interferences reversing the Examiner and directing allowance of the pending claims in the subject application is respectfully solicited.

Respectfully submitted,

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CLAIMS APPENDIX

1.   A method of performing financial processing in a computer, comprising:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

$$\text{Profit} = \text{Net Interest Revenue (NIR)}$$
$$+ \quad \text{Other Revenue (OR)}$$
$$- \quad \text{Direct Expense (DE)}$$
$$- \quad \text{Indirect Expense (IE)}$$
$$- \quad \text{Risk Provision (RP)}$$

(c) wherein the Risk Provision comprises an expected future loss that arises from one or more risk factors.

2.   The method of claim 1, wherein the risk factors are selected from a group comprising loss rates, reserve percentages, exposure factors, recovery rates, default probabilities, and collection costs.

3.   The method of claim 1, wherein the rules include apportionment of the Risk Provision among the accounts.

4.   The method of claim 1, wherein the Risk Provision predicts the expected future losses at the account level.

5.   The method of claim 4, wherein the Risk Provision apportions the expected future loss among the accounts.

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6.   The method of claim 4, wherein the Risk Provision adjusts the Profit for the expected future losses.

7.   The method of claim 4, wherein an actuarial reserve represents the expected future losses.

8.   The method of claim 4, the organization commits reserves to cover the expected future loss.

9.   The method of claim 8, further comprising provisioning the reserves as transactions occur.

10.   The method of claim 8, further comprising withdrawing from the reserves as defaults occur.

11.   The method of claim 1, wherein the reserves include Ending Loss Reserves and Beginning Loss Reserves, and the Ending Loss Reserves comprises:

Ending Loss Reserves = Beginning Loss Reserves

− Losses

+ Recoveries

+ Risk Provisions

12.   The method of claim 1, further comprising grouping the accounts into risk provision groups (RPG), wherein each of the accounts is assigned to only one RPG.

13.   The method of claim 12, wherein each of the RPGs has a Risk Provision amount associated therewith.

14.   The method of claim 12, wherein the Risk Provision amount associated with each of the RPGs is assigned by the organization.

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15.   The method of claim 12, wherein the Risk Provision amount associated with each of the RPGs is calculated.

16.   The method of claim 15, wherein the Risk Provision amount associated with each of the RPGs comprises:

Risk Provision= Reserve amount for RPG_i at end of a current period

- Reserve amount for RPG_i at end of a previous period

+ Losses during the current period

- Recoveries during the current period

17.   The method of claim 12, wherein the apportionment of the Risk Provision amounts to each account in one of the RPGs is based on a balance for the account.

18.   The method of claim 12, further comprising calculating the Risk Provision of an account according to:

$$RP(a_i) + RP \text{ amount for } RPG(a_i) * \frac{Balance \text{ of } a_i}{\sum_{k}^{a_k \alpha RPG(a_i)} Balance \, a_k}$$

wherein a_i comprises an account, $RP(a_i)$ comprises the Risk Provision for the account a_i, and $RPG(a_i)$ denotes to which RPG the account a_i is assigned.

19.   The method of claim 18, wherein a sum of $RP(a_i)$ for all accounts a_i in one of the RPGs is equal to the RP for the RPG.

20.   The method of claim 18, wherein the Risk Provision comprises an account-level risk factor that is used to weight the accounts' balances.

21.   The method of claim 18, wherein the Risk Provision amount is allocated to each RPG and multiplied by a Credit Risk Factor (CRF).

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22. The method of claim 21, wherein the Credit Risk Factor (CRF) identifies costs associated with expected future losses that arise in lending activities.

23. The method of claim 21, further comprising calculating RP(a_i) according to:

$$RP \text{ for } a_i = RP \text{ amount for } RPG(a_i) * \frac{Balance(a_i)*CRF(a_i)}{\displaystyle\sum_k^{a_k \in RPG(a_i)}[Balance(a_k)*CRF(a_k)]}$$

24. The method of claim 21, wherein the CRF adjusts the Risk Provision for risk factors that are subordinate to the RPGs.

25. The method of claim 1, wherein the Risk Provision comprises an expected future loss calculated for each account using account, product, and customer characteristics.

26. The method of claim 1, wherein an exposure amount allows the direct calculation of the Risk Provision.

27. The method of claim 26, further comprising calculating RP(a) according to:

$$RP(a_i) = Exposure(a_i) * CDP(a_i) * \left(1 - \min\left(1, \frac{RCV(a_i)}{Balance(a_i) + Collection\ Cost(a_i)}\right)\right)$$

wherein Exposure(a_i) is the exposure amount for account a_i and the Customer Default Probability CDP(a_i) is a probability function of credit risk default frequency for the account a_i.

28. A system for financial processing, comprising:

a computer;

logic, performed by the computer, for:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

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(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

Profit = Net Interest Revenue (NIR)
         + Other Revenue (OR)
         - Direct Expense (DE)
         - Indirect Expense (IE)
         - Risk Provision (RP)

(c) wherein the Risk Provision comprises an expected future loss that arises from one or more risk factors.

29.   The system of claim 28, wherein the risk factors are selected from a group comprising loss rates, reserve percentages, exposure factors, recovery rates, default probabilities, and collection costs.

30.   The system of claim 28, wherein the rules include apportionment of the Risk Provision among the accounts.

31.   The system of claim 28, wherein the Risk Provision predicts the expected future losses at the account level.

32.   The system of claim 31, wherein the Risk Provision apportions the expected future loss among the accounts.

33.   The system of claim 31, wherein the Risk Provision adjusts the Profit for the expected future losses.

34.   The system of claim 31, wherein an actuarial reserve represents the expected future losses.

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35. The system of claim 31, the organization commits reserves to cover the expected future loss.

36. The system of claim 35, further comprising logic for provisioning the reserves as transactions occur.

37. The system of claim 35, further comprising logic for withdrawing from the reserves as defaults occur.

38. The system of claim 28, wherein the reserves include Ending Loss Reserves and Beginning Loss Reserves, and the Ending Loss Reserves comprises:

Ending Loss Reserves = Beginning Loss Reserves

− Losses

+ Recoveries

+ Risk Provisions

39. The system of claim 28, further comprising logic for grouping the accounts into risk provision groups (RPG$_i$), wherein each of the accounts is assigned to only one RPG.

40. The system of claim 39, wherein each of the RPGs has a Risk Provision amount associated therewith.

41. The system of claim 39, wherein the Risk Provision amount associated with each of the RPGs is assigned by the organization.

42. The system of claim 39, wherein the Risk Provision amount associated with each of the RPGs is calculated.

43. The system of claim 42, wherein the Risk Provision amount associated with each of the RPGs comprises:

Risk Provision= Reserve amount for RPG$_i$ at end of a current period

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- Reserve amount for RPG$_i$ at end of a previous period

+ Losses during the current period

- Recoveries during the current period

44.   The system of claim 39, wherein the apportionment of the Risk Provision amounts to each account in one of the RPGs is based on a balance for the account.

45.   The system of claim 39, further comprising logic for calculating the Risk Provision of an account according to:

$$RP(a_i) + RP\ amount\ for\ RPG(a_i) * \frac{Balance\ of\ a_i}{\sum\limits_{k} Balance\ a_k}^{a_k \in RPG(a_i)}$$

wherein a$_i$ comprises an account, RP(a$_i$) comprises the Risk Provision for the account a$_i$, and RPG(a$_i$) denotes to which RPG the account a$_i$ is assigned.

46.   The system of claim 45, wherein a sum of RP(a$_i$) for all accounts a$_i$ in one of the RPGs is equal to the RP for the RPG.

47.   The system of claim 45, wherein the Risk Provision comprises an account-level risk factor that is used to weight the accounts' balances.

48.   The system of claim 45, wherein the Risk Provision amount is allocated to each RPG and multiplied by a Credit Risk Factor (CRF).

49.   The system of claim 48, wherein the Credit Risk Factor (CRF) identifies costs associated with expected future losses that arise in lending activities.

50.   The system of claim 48, further comprising logic for calculating RP(a$_j$) according to:

$$RP\ for\ a_i = RP\ amount\ for\ RPG(a_i) * \frac{Balance(a_i) * CRF(a_i)}{\sum\limits_{k}[Balance(a_k) * CRF(a_k)]}^{a_k \in RPG(a_i)}$$

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51.   The system of claim 48, wherein the CRF adjusts the Risk Provision for risk factors that are subordinate to the RPGs.

52.   The system of claim 28, wherein the Risk Provision comprises an expected future loss calculated for each account using account, product, and customer characteristics.

53.   The system of claim 28, wherein an exposure amount allows the direct calculation of the Risk Provision.

54.   The system of claim 53, further comprising logic for calculating RP(a) according to:

$$RP(a_i) = Exposure(a_i) * CDP(a_i) * \left(1 - \min\left(1, \frac{RCV(a_i)}{Balance(a_i) + Collection\ Cost(a_i)}\right)\right)$$

wherein Exposure(a_i) is the exposure amount for account a_i and the Customer Default Probability CDP(a_i) is a probability function of credit risk default frequency for the account a_i.

55.   An article of manufacture embodying logic for performing financial processing in a computer, comprising:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations include:

Profit	=	Net Interest Revenue (NIR)
	+	Other Revenue (OR)
	−	Direct Expense (DE)
	−	Indirect Expense (IE)
	−	Risk Provision (RP)

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(c) wherein the Risk Provision comprises an expected future loss that arises from one or more risk factors.

56.   The article of manufacture of claim 55, wherein the risk factors are selected from a group comprising loss rates, reserve percentages, exposure factors, recovery rates, default probabilities, and collection costs.

57.   The article of manufacture of claim 55, wherein the rules include apportionment of the Risk Provision among the accounts.

58.   The article of manufacture of claim 55, wherein the Risk Provision predicts the expected future losses at the account level.

59.   The article of manufacture of claim 58, wherein the Risk Provision apportions the expected future loss among the accounts.

60.   The article of manufacture of claim 58, wherein the Risk Provision adjusts the Profit for the expected future losses.

61.   The article of manufacture of claim 58, wherein an actuarial reserve represents the expected future losses.

62.   The article of manufacture of claim 58, the organization commits reserves to cover the expected future loss.

63.   The article of manufacture of claim 62, further comprising provisioning the reserves as transactions occur.

64.   The article of manufacture of claim 62, further comprising withdrawing from the reserves as defaults occur.

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65.   The article of manufacture of claim 55, wherein the reserves include Ending Loss Reserves and Beginning Loss Reserves, and the Ending Loss Reserves comprises:

Ending Loss Reserves = Beginning Loss Reserves

— Losses

+ Recoveries

+ Risk Provisions

66.   The article of manufacture of claim 55, further comprising grouping the accounts into risk provision groups (RPG), wherein each of the accounts is assigned to only one RPG.

67.   The article of manufacture of claim 66, wherein each of the RPGs has a Risk Provision amount associated therewith.

68.   The article of manufacture of claim 66, wherein the Risk Provision amount associated with each of the RPGs is assigned by the organization.

69.   The article of manufacture of claim 66, wherein the Risk Provision amount associated with each of the RPGs is calculated.

70.   The article of manufacture of claim 69, wherein the Risk Provision amount associated with each of the RPGs comprises:

Risk Provision= Reserve amount for RPG_i at end of a current period

- Reserve amount for RPG_i at end of a previous period

+ Losses during the current period

- Recoveries during the current period

71.   The article of manufacture of claim 66, wherein the apportionment of the Risk Provision amounts to each account in one of the RPGs is based on a balance for the account.

72.   he article of manufacture of claim 66, further comprising calculating the Risk Provision of an account according to:

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$$RP(a_i) + RP \text{ amount for } RPG(a_i) * \frac{Balance \text{ of } a_i}{\sum\limits_{k}^{a_k \in RPG(a_i)} Balance \, a_k}$$

wherein a_i comprises an account, $RP(a_i)$ comprises the Risk Provision for the account a_i, and $RPG(a_i)$ denotes to which RPG the account a_i is assigned.

73.   The article of manufacture of claim 72, wherein a sum of $RP(a_i)$ for all accounts a_i in one of the RPGs is equal to the RP for the RPG.

74.   The article of manufacture of claim 72, wherein the Risk Provision comprises an account-level risk factor that is used to weight the accounts' balances.

75.   The article of manufacture of claim 72, wherein the Risk Provision amount is allocated to each RPG and multiplied by a Credit Risk Factor (CRF).

76.   The article of manufacture of claim 75, wherein the Credit Risk Factor (CRF) identifies costs associated with expected future losses that arise in lending activities.

77.   The article of manufacture of claim 75, further comprising calculating $RP(a_j)$ according to:

$$RP \text{ for } a_i = RP \text{ amount for } RPG(a_i) * \frac{Balance(a_i) * CRF(a_i)}{\sum\limits_{k}^{a_k \in RPG(a_i)} [Balance(a_k) * CRF(a_k)]}$$

78.   The article of manufacture of claim 75, wherein the CRF adjusts the Risk Provision for risk factors that are subordinate to the RPGs.

79.   The article of manufacture of claim 55, wherein the Risk Provision comprises an expected future loss calculated for each account using account, product, and customer characteristics.

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80.   The article of manufacture of claim 55, wherein an exposure amount allows the direct calculation of the Risk Provision.

81.   The article of manufacture of claim 80, further comprising calculating RP(a) according to:

$$RP(a_i) = Exposure(a_i) * CDP(a_i) * \left(1 - \min\left(1, \frac{RCV(a_i)}{Balance(a_i) + Collection\ Cost(a_i)} \right) \right)$$

wherein Exposure(a_i) is the exposure amount for account a_i and the Customer Default Probability CDP(a_i) is a probability function of credit risk default frequency for the account a_i.

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EVIDENCE APPENDIX

None.

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RELATED PROCEEDINGS APPENDIX

None.

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